



National Aeronautics and  
Space Administration  
Washington, DC 20546

# Procurement Notice

**PN 04-64**  
**August 26, 2011**

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## **CONTRACTOR PERFORMANCE INFORMATION**

**PURPOSE:** This PN revises the NASA FAR Supplement (NFS) to require the use of the Contractor Performance Assessment Reporting System (CPARS) to document contractor performance information.

**BACKGROUND:** On July 2, 2010, the Administrator for the Office of Federal Procurement Policy designated CPARS as the Federal solution for reporting of contractor performance information. CPARS will become part of the Integrated Acquisition Environment (IAE) tool set and is designated as the sole feeder system of the Past Performance Information Retrieval System (PPIRS). CPARS replaced the NASA Acquisition Internet Service (NAIS) Past Performance Database (PPDB) application effective June 1, 2011.

**GUIDANCE:** Beginning June 1, 2011, all contractor performance evaluations shall be conducted in CPARS. CPARS hosts a suite of web-enabled applications that are used to document contractor performance information that is required by Federal regulations. FAR Part 42 identifies requirements for documenting contractor performance assessments and evaluations for systems, non-systems, architect-engineer, and construction acquisitions.

**ACQUISITIONS AFFECTED BY CHANGES:** This policy affects all contract awards above the simplified acquisition threshold.

**ACTION REQUIRED BY CONTRACTING OFFICERS:** Contracting officers and their designated representatives shall use CPARS to document contractor performance.

**CLAUSE CHANGES:** None.

**PARTS AFFECTED:** Part 1842.

**REPLACEMENT PAGES:** You may use the enclosed pages to replace 42:9 through 42:14 of the NFS.

**TYPE OF RULE AND PUBLICATION DATE:** These changes do not have a significant affect beyond the internal operating procedures of NASA and do not have a significant cost or administrative impact on contractors or offerors. Therefore they do not require codification in the Code of Federal Regulations (CFR) or publication for public comment.

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Enclosures

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(c) Return the unsigned NASA Form 456 to the auditor with a detailed explanation of why the suspension or disapproval is not being signed, and process the contractor's claim for payment.

(C) When more than one NASA contract is affected by a notice, the NASA contracting officer with the largest amount of contract dollars affected is responsible for coordination of the NASA Form 456 with the other contracting officers, including those of other federal agencies, listed in the notice.

(D) An original and three copies (which includes two acknowledgment copies, one each for return to the contracting officer and the auditor) of the NASA Form 456 shall be sent to the contractor by certified mail, return receipt requested; one copy shall be attached to the Standard Form 1034 and each copy of the Standard Form 1034A on which the deduction for the suspension/disapproval is made.

(E)(a) If the amount of the deduction is more than the amount of the public voucher, the installment method of deduction shall be applied to the current and subsequent public vouchers until the amount is fully liquidated. The deductions on any voucher may not exceed the voucher amount to avoid processing of a voucher in a credit amount. Public voucher(s) with zero amounts must be forwarded to the fiscal or financial management office for appropriate action.

(b) If deductions are in excess of contractor claims, recovery may be made through a direct refund from the contractor, in the form of a check payable to NASA, or by a set-off deduction from the voucher(s) submitted by the contractor under any other contract, unless those contracts contain a "no set-off" provision. If a set-off is affected, the voucher(s) from which the deduction is made should be annotated to identify the contract and appropriation affected and the applicable NASA Form 456.

#### **Subpart 1842.12--Novation and Change-of-Name Agreements**

##### **1842.1203 Processing agreements.**

(b) The installation shall immediately notify the Headquarters Office of Procurement (Code HS) of the request to execute a novation (successor-in-interest) or change-of-name agreement.

(h) The contracting officer shall forward one copy of the agreement to Code HS.

##### **1842.1203-70 DOD processing of novation and change-of-name agreements on behalf of NASA.**

(a) Copies of novation and change-of-name agreements executed by DOD on behalf of NASA are maintained by the Headquarters Office of Procurement (Code HS).

(b) Code HS is the Agency point of contact for issues related to proposed novation agreements. With the concurrence of Code HS, an installation may execute a separate agreement with the contractor.

#### **Subpart 1842.13--Suspension of Work, Stop-Work Orders, and Government Delay of Work**

##### **1842.1305 Contract clauses.**

(b) FAR 52.242-15, Stop-Work Order, shall not be used in solicitations or contracts for research performed by educational or other nonprofit institutions.

#### **Subpart 1842.14--Traffic and Transportation Management**

##### **1842.1405 Discrepancies incident to shipment of supplies.**

(a) NASA personnel shall also report discrepancies and adjust claims for loss of and damage to Government property in transit in accordance with NPR 6200.1, NASA Transportation and General Traffic Management.

## **Subpart 1842.15--Contractor Performance Information**

### **1842.1501 General.**

Communications with contractors are vital to improved performance and this is NASA's primary objective in evaluating past performance. Other objectives include providing data for future source selections. While the evaluations must reflect both shortcomings and achievements during performance, they should also elicit from the contractors their views on impediments to improved performance emanating from the Government or other sources.

### **1842.1502 Policy.**

(a) Not later than 120 days after the end of the period of performance on contracts having a period of performance exceeding one year, contracting officers must conduct interim evaluations of performance on contracts subject to FAR Subpart 42.15 and this subpart. Interim evaluations are not required on contracts whose award anniversary is within 3 months of the end of the contract period of performance. The final evaluation will include an evaluation of the period between the last interim evaluation and the end of the contract period of performance. Interim performance evaluations are optional for SBIR/STTR Phase II contracts.

### **1842.1503 Procedures.**

(a) The contracting officer shall determine who (e.g., the technical office or end users of the products or services) evaluates appropriate portions of the contractor's performance. The evaluations are subjective in nature. Nonetheless, the contracting officer, who has responsibility for the evaluations, shall ensure that they are reasonable.

(b) The Contractor Performance Assessment Reporting System (CPARS) shall be used to document evaluations. This provides for a five-tiered rating covering the following attributes: quality, schedule, cost control (not required for firm-fixed-price contracts or firm-fixed-price contracts with economic price adjustment), business relations, management of key personnel, utilization of small business, and other considerations within the CPARS module; Quality, Key Consultants, Design/Engineering, and Construction within the ACASS module; and Quality, Management, Timely Performance, Labor Standards, and Safety Standards within the CCASS module. In accordance with FAR 16.401(f) for Cost Plus Award Fee or Fixed Price Award Fee type contracts, contracting officers shall complete the following evaluation information in the Award Fee Evaluation System module in the NASA Acquisition Internet Service: available award fee amount, amount of award fee earned, award fee rating, how the use of award fee did or did not motivate the contractor's overall cost, schedule and technical performance as measured against contract requirements in accordance with the criteria stated in the award fee plan and how the objectives were enhanced by using an award fee contract as stated in the determination and findings required at FAR 16.401(d). Contracting Officers shall ensure that the Government discusses all evaluations with contractors and shall record the date and the participants on the evaluation form. Contracting officers shall sign and date the evaluation after considering any comments received from the contractor within 30 days of the contractor's receipt of the evaluation. If a contractor in its timely comments disagrees with an evaluation and requests a review at a level above the contracting officer, it shall be provided within 30 days. While the FAR requires agencies to use contractor performance information that is within three years (six years for construction and architect-engineer contracts) of the completion of contract

performance, this information shall nevertheless be retained in the contract file as provided in FAR 4.8, Government Contract Files.

### **Subpart 1842.70--Additional NASA Contract Clauses**

#### **1842.7001 Observance of legal holidays.**

(a) The contracting officer shall insert the clause at 1852.242-72, Observance of Legal Holidays, in contracts when work will be performed at a NASA installation.

(b) The clause shall be used with its Alternate I in cost-reimbursement contracts when it is desired that contractor employees not have access to the installation during Government holidays. This alternate may be appropriately modified for fixed-price contracts.

(c) The clause may be used with its Alternate II in cost-reimbursement contracts when it is desired that administrative leave be granted contractor personnel in special circumstances, such as inclement weather or potentially hazardous conditions. This alternate may be appropriately modified for fixed-price contracts.

#### **1842.7002 Travel outside of the United States.**

The contracting officer shall insert the clause at 1852.242-71, Travel Outside of the United States, in cost-reimbursement solicitations and contracts where a contractor may travel outside of the United States and it is appropriate to require Government approval of the travel.

#### **1842.7003 Emergency medical services and evacuation.**

The contracting officer must insert the clause at 1852.242-78, Emergency Medical Services and Evacuation, in all solicitations and contracts when employees of the contractor are required to travel outside the United States or to remote locations in the United States.

### **Subpart 1842.71--Submission of Vouchers**

#### **1842.7101 Submission of vouchers.**

(a) Vouchers shall be submitted in accordance with the clause at 1852.216-87, Submission of Vouchers for Payment.

(b) The auditor shall retain an unpaid copy of the voucher.

(c) When a voucher submitted in accordance with the clause at 1852.216-87 contains one or more individual direct freight charges of \$100 or more, an additional copy of Standard Form 1034A and Standard Form 1035A shall be submitted and marked for return to the contractor after payment. This copy shall be transmitted quarterly by the contractor with the freight bills to the General Services Administration. When a voucher is identified as the "Completion Voucher," an additional copy shall be submitted for transmittal to the NASA contracting officer.

### **Subpart 1842.72--NASA Contractor Financial Management Reporting**

#### **1842.7201 General.**

##### **(a) Contracting officer responsibilities.**

(1) Contracting officers must ensure contracts require cost reporting consistent with both policy requirements and project needs. Contracting Officers shall monitor contractor cost reports on a regular basis to ensure cost data reported is accurate and timely. Adverse trends or discrepancies discovered in cost reports should be pursued through discussions with financial and project team members.

(2) Whenever cost performance threatens contract performance, contracting officers shall require corrective action plans from the contractors.

##### **(b) Reporting requirements.**

(1) Use of the NASA Contractor Financial Management Reports, the NASA Form 533 series, is required on cost-type, price redetermination, and fixed-price incentive contracts when the following dollar, period of performance, and scope criteria are met:

<b>Contract value/scope</b>	<b>Period of Performance</b>	<b>533M</b>	<b>533Q</b>
\$500K to \$999K	1 year or more	Required	Optional
\$1,000,000 and over	Less than 1 year	Required	Optional
\$1,000,000 and over	1 year or more	Required	Required

(2) When it is probable that a contract will ultimately meet the criteria in paragraph (b)(1) of this section through change orders, supplemental agreements, etc., the reporting requirement must be implemented in the contract based on the estimated final contract value at the time of award.

(3) NF 533Q reporting may be waived by the contracting officer, with the concurrence of the center chief financial officer and cognizant project manager, for support service or task order contracts, when NF 533M reports and other data are sufficient to ensure accurate monthly cost accruals, evaluation of the contractor's cost performance, and forecasting of resource requirements.

(4) Where a specific contractual requirement differs from the standard system set forth in NPR 9501.2, NASA Contractor Financial Management Reporting, but is determined to be in the best interests of the Government and does not eliminate any of the data elements required by the standard NF 533 formats, it may be approved by the contracting officer with the concurrence of the center chief financial officer and the project manager. Such approval shall be documented and retained, with the supporting rationale, in the contract file.

(5) The contractor's internal automated printout reports may be substituted for the 533 reporting formats only if the substitute reports contain all the data elements that would be provided by the corresponding 533's. The contracting officer shall coordinate any proposed substitute with the installation financial management office.

**(c) Contract requirements.**

(1) Reporting requirements, including a description of reporting categories, shall be detailed in the procurement request, and reports shall be required by inclusion of the clause prescribed in 1842.7202. The contract schedule shall include report addressees and numbers of copies. Reporting categories shall be coordinated with the center financial management office to ensure that data required for agency cost accounting will be provided by the reports. Reporting dates shall be in accordance with NPR 9501.2, except that earlier submission is encouraged whenever feasible. No due date shall be permitted which is later than the date by which the center financial management office needs the data to enter an accurate monthly cost accrual in the accounting system.

(2) The contractor shall be required to submit an initial report in the NF 533Q format, time phased for the expected life of the contract, within 30 days after authorization to proceed has been granted. NF 533M reporting will begin no later than 30 days after incurrence of cost. NF 533Q reporting begins with the initial report.

**1842.7202 Contract clause.**

The contracting officer shall insert the clause at 1852.242-73, NASA Contractor Financial Management Reporting, in solicitations and contracts when any of the NASA Form 533 series of reports is required from the contractor.

**Subpart 1842.73--Audit Tracking and Resolution**

#### **1842.7301 NASA external audit follow-up system.**

(a) This section implements OMB Circular No. A-50 and NASA Policy Directive (NPD) 9910.1, "Government Accountability Office/NASA Office of Inspector General Audit Liaison, Resolution, and Followup", which provides more detailed guidance. Recommendations from external audits (OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Institutions) shall be resolved by formal review and approval procedures analogous to those at 1815.406-171.

(b) The external audit followup system tracks all contract and OMB Circular No. A-133 audits where NASA has resolution and disposition authority. The objective of the tracking system is to ensure that audit recommendations are resolved within 6 months after receipt of the audit report and corrected as expeditiously as possible.

(c)(1) The identification and tracking of contract audit reports under NASA cognizance are accomplished in cooperation with the DCAA.

(2) Identification and tracking of OMB Circular No. A-133 audit reports are accomplished in cooperation with the NASA Office of the Inspector General (OIG).

(d)(1) All reportable contract audit reports as defined by Chapter 15, Section 6, of the DCAA Contract Audit Manual (CAM) for which NASA has resolution and disposition responsibility shall be entered into NASA's Corrective Action Tracking System (CATS), with the information updated at least quarterly until the audit recommendations are all resolved and dispositioned (see paragraph (e) (1) of this section). Reportable audits issued to DCMA on actions for which contract administration has been delegated are not subject to this requirement because DOD is required to track and maintain these audit reports; and

(2) Only OMB Circular No. A-133 audit reports involving the following shall be reported quarterly to the Headquarters Office of Procurement Analysis Division:

- (i) A significant management control issue; or
- (ii) Questioned costs of \$10,000 or more due to an audit finding (see Subpart E-Auditor, paragraph 510 of OMB Circular No. A-133).

(3) NASA contracting officers will maintain a dialogue with DOD Administrative Contracting Officers (ACO) who have been delegated activities on NASA contracts. A review will be conducted no less frequently than semiannually, and the status and disposition of significant audit findings will be documented in the contract file. During this review, NASA contracting officers should discuss with the ACO both prime and subcontract audit reports that have been delegated to DOD. Should these reports contain any findings or recommendations, the NASA contracting officer should obtain their status and document the contract file accordingly.

(e)(1) The terms "resolution" and "corrective action/disposition" are defined as follows:

(i) Resolution - The point at which the IG and Management agree on the action to be taken on audit report findings and recommendations.

(ii) Corrective action/disposition - Management action responsive to an agreed upon audit recommendation.

(2) The resolution and disposition of DCAA audit reports issued to NASA contracting officers are handled as follows:

(i) Audit findings pertaining to an individual NASA contract are the responsibility of the NASA contracting officer.

(ii) Audit findings impacting more than one NASA contract are the responsibility of the NASA contracting officer providing the preponderance of funding to the particular contractor for the contractor fiscal year covered by the audit report (lead contracting officer). The lead contracting officer should furnish a copy of the audit report to all NASA contracting officers with contracts impacted by the audit report. Those contracting officers should be provided the opportunity to participate in the negotiations or provide input into the negotiation strategy. At

the conclusion of the negotiations, the lead contracting officer is to provide a copy of the negotiation memorandum to the DCAA office that issued the audit report, as well as to the contracting officers for the other impacted NASA contracts.

(3) The resolution and disposition of OMB Circular No. A-133 audits are handled as follows:

(i) Audit findings pertaining to an individual NASA award are the responsibility of the procurement officer for the Center that awarded the contract.

(ii) Audit findings having a Governmentwide impact are the responsibility of the cognizant Federal agency responsible for oversight. For organizations subject to OMB Circular No. A-133, there is either a cognizant agency or an oversight agency. The cognizant agency is the Federal agency that provides the predominant amount of direct funding to the recipient organization unless OMB makes a specific cognizant agency for audit assignment. To provide for the continuity of cognizance, the determination of the predominant amount of direct funding will be based on the direct Federal awards expended in the recipient's fiscal years ending in 1995, 2000, 2005, and every fifth year thereafter. When there is no direct funding, the Federal agency with the predominant indirect funding is to assume the oversight responsibilities. In cases where NASA is the cognizant or oversight Federal agency, audit resolution and disposition is the responsibility of the procurement officer for the Center having the largest amount of direct funding, or, if there is no direct funding, the largest amount of indirect funding for the audited period. A copy of the memorandum dispositioning the findings shall be provided by each Center having resolution responsibility for the particular report to the Headquarters OIG office, the Headquarters Office of Procurement Analysis Division, and each Center procurement office that has awards impacted by the dispositioned findings.

**1842.7302 Reportable audit disposition documentation.**

For each reportable audit provided by DCAA, the contracting officer shall submit disposition documentation to the office that provided the report.